



December 12, 2005

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Honorable Beth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

PUBLIC SERVICE
COMMISSION

Subject: **Case No. 2005-00515: Request to Extend Demand Side Management Program and Cost Recovery Mechanism**

Dear Ms. O'Donnell:

With reference to the Atmos Energy Corporation (or the "Company") filing on December 2, 2005 in Case No. 2005-00515, the Company provides the following supplemental information.

The December 2 filing referred to the annual calculation of the DSM cost recovery mechanism for the period beginning on January 1, 2006, which had been filed on October 26, 2005. Due to internal mailing delays, we were unaware that the October 26 filing had been rejected, correctly so, since the proposed rate change extended beyond the period currently authorized by the Commission. Therefore, the Company herein supplements the December 2, 2005 request for extension of the DSM program and cost recovery mechanism to include:

- The annual DSM Balance Adjustment consistent with the Order in Case No. 2002-00405, and
- An original and three copies of **Second Revised Sheet No. 39 Canceling First Revised Sheet No. 39**, citing the Case No. designated for this matter,
- An original and three copies of **Fourth Revised Sheet No. 41 Canceling Third Revised Sheet No. 41**, reflecting the Balance Adjustment to be effective if the program extension is granted.

Minutes from the latest meeting of the DSM Collaborative Board, which included the most recent review of the program and unanimous support for continuation of the program, without modification, were submitted in the December 2, 2005 filing.

Ms. Beth O'Donnell
December 12, 2005
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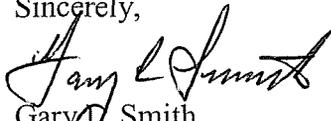
This supplemental information is being made 20 days in advance of the proposed effective date for the attached tariff sheets of January 1, 2006.

We would greatly appreciate the Commission's expedited review of the proposed tariff extension. If the Commission is unable to render approval by the current expiration date of December 31, 2005, we respectfully request the Commission to allow the current benefits and funding of the DSM program to continue until final action by the Commission on this request.

Upon approval, we request that a copy of each tariff page filed be stamped "approved" and returned by mail to my attention.

Please contact me at your earliest convenience should the Commission or Staff have any questions regarding this matter.

Sincerely,



Gary L. Smith

Vice President, Marketing & Regulatory Affairs

Enclosures

Cc: Collaborative Board Members
Mr. Mark R. Hutchinson
Mr. Tom Morel

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism
DSM
<p>1. <u>Applicable</u></p> <p>Applicable to Rate G-1 Sales Service, residential class only.</p> <p>The Distribution Charge under Residential Rate G-1 Sales Service, shall be increased or decreased for nine annual periods beginning January 2000 and continuing through December 31, 2008 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula:</p> <p style="text-align: center;">$DSMRC = DCRC + DBA$</p> <p>Where:</p> <p>DCRC = DSM Cost Recovery-Current. The DCRC shall include all projected costs for the next twelve-month period. These costs shall be limited to expected payments to program implementation contractors over that period, as well as any costs incurred by or on behalf of the DSM collaborative process. These costs would be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRC.</p>

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ISSUED: December 12, 2005

EFFECTIVE: January 1, 2006

(Issued by Authority of an Order of the Public Service Commission in Case No. 2005-00515 dated _____)

ISSUED BY: Gary Smith

Vice President – Marketing & Regulatory Affairs/Kentucky Division

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Fourth Revised SHEET No. 41
Canceling
Third Revised SHEET No. 41

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism		
DSM		
<u>DSM Cost Recovery Component (DSMRC):</u>		
DSM Cost Recovery – Current:	\$0.0155 per Mcf	
DSM Balance Adjustment:	<u>\$0.0031 per Mcf</u>	(I)
DSMRC Residential Rate G-1	\$0.0186 per Mcf	(I)

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ISSUED BY: Gary Smith

Vice President – Marketing & Regulatory Affairs/Kentucky Division